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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, March 15

NIHON KEIZAI (Page 2) (Full)
March 16, 2006

09:58

Met METI Minister Nikai, Agriculture Minister Nakagawa, and

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others at Kantei.

10:36

Met Deputy Chief Cabinet Secretary Suzuki.

12:45

Arrived at Haneda Airport to send off the Crown Prince for Mexico and Canada.

13:40

Arrived at Kantei.

14:00

Attended an Upper House Budget Committee meeting.

17:15

Met State Minister in charge of Economic, Fiscal, and Financial Policy Yosano, and Assistant Deputy Chief Cabinet Secretary Saka at Kantei.

17:33

Attended a meeting of ministers responsible for working on the monthly economic report.

19:15

Returned to his official residence.

4) LDP rookies play US embassy, fail to get revenge for WBC ballgame

TOKYO SHIMBUN (Page 2) (Full)
March 16, 2006

Hachisankai or the 83-kai, a group of newly elected lawmakers in the ruling Liberal Democratic Party, hosted a Japan-US charity baseball event yesterday with the US embassy in Japan at Tokyo Dome.

US Ambassador to Japan Schieffer, who once manned the front office of a US Major League Baseball (MLB) club, the Texas Rangers, addressed the opening ceremony for the event: "We're honored to be invited to the game. Let me propose making a tradition of this game." LDP Acting Secretary General Ichiro Aisawa returned a salute: "I'm expecting this event to outshine the World Baseball Classic (WBC)."

In the first-pitch ceremony, Bobby Valentine, manager of the Chiba Lotte Marines, showed up to heat up the audience. In the game, Yoshitami Kameoka was the playing manager of the LDP rookies to command his buddies in the dugout and himself on the field. Kameoka, when he was in Sakushin Gakuin High School, formed a battery with Suguru Egawa, who later pitched for a professional baseball team, the Tokyo Yomiuri Giants. However,

the game ended in a 15-15 tie. In the end, the Diet team could not get revenge the recent WBC Japan-vs.-US ballgame for Team Japan.

The audience-donated money at the ballpark and their baseball equipment used in the game, including gloves, will be sent to children in Africa as presents.

5) Friendly game of baseball between LDP lawmakers team and US

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embassy

ASAHI (Page 4) (Full)
March 16, 2006

A friendly game of baseball was played last night at the Tokyo Dome between freshmen House of Representatives lawmakers belonging to the Liberal Democratic Party (LDP) and US embassy staff. The LDP team was called "Liberty 83" and the members even had their own uniforms. At the opening ceremony of the game, LDP Acting Secretary General Ichiro Aisawa said, "Through this, we will be able to strengthen the bonds of the Japan-US alliance."

The game ended in a 15-15 tie. Chief Cabinet Secretary Shinzo Abe rushed over to attend the closing ceremony.

The idea of holding a baseball game came up in a meeting in December between Ambassador Thomas Schieffer and the new lawmakers. According to the US embassy, hold such an event at the Tokyo Dome is highly unusual.

6) US reluctant to hold 2+2; Circulation of document for signatures now under study

SANKEI (Page 5) (Full)
March 16, 2006

It was learned yesterday that the Japanese government is considering the idea of circulating a document so that each cabinet member will sign it, instead of holding a meeting of the Japan-US Security Consultative Committee (2+2) of foreign and defense officials intended to reach a final agreement. This idea has come out as a last resort, reflecting the US government's reluctance about holding a 2+2, as well as the fluid situation about whether an agreement will be reached, given that the two countries are still wide apart over cost-sharing concerning the transfer of US Marines from Okinawa to Guam.

Yesterday, a government source said of a 2+2: "How about circulating a document for cabinet ministers to sign? There's no need to hold it." A 2+2 would be attended by Secretary of State Rice and Secretary of Defense Rumsfeld. Another government source explained: "It's difficult to schedule a meeting (for these two top officials). Japan, too, takes into consideration the Diet schedule."

From the beginning, the US has been unwilling to hold a 2+2. In the recent Japan-US working-level talks, the US frowned on holding it before efforts to persuade local areas are completed, or in the words of Deputy Under Secretary of Defense Lawless, "We don't want to see a final agreement at the 2+2 forced on local residents."

7) Gap expanding in views between Japan and US on convincing local areas for US force realignment; Japan wants to hold cabinet talks, US thinks it concerns Japan only

NIHON KEIZAI (Page 2) (Excerpts)
March 16, 2006

Hiroshi Marutani, Washington

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A gap in views between Tokyo and Washington over the realignment of US forces in Japan is becoming evident. Tokyo attempted to force its views on the realignment with cabinet talks, but Washington rejected it, saying: "Coordination with local governments is a matter that concerns only the Japanese government. Cabinet talks are unnecessary." Six months have passed since the bilateral agreement that specified coordination between the cabinet and local areas. Any misstep might create strains in the Japan-US alliance.

"Cabinet ministers are too busy"

US Defense Department authorities rejected Japan's call for a Japan-US Security Consultative Council meeting (2 plus 2) by commenting to Japanese reporters:

"Both Japanese and US cabinet minister are busy because they have other things to take care of. It is meaningless for high-ranking officials to get together by pretending that everything has completed. It's too early for that."

Since the foreign and defense ministers' talks last October, Japan has repeatedly asserted at bureau director-level talks that it would be difficult to convince local governments to host US bases.

Then came the outcome of the March 12 plebiscite held in Iwakuni, Yamaguchi Prefecture, the relocation site for US carrier-borne aircraft, now based at the Atsugi base. The US exploded with dissatisfaction, saying, "Enough is enough! We don't want to hear another story about a local election."

Secretary of Defense Donald Rumsfeld has met as many visiting

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Japanese lawmakers as possible and urged Japan to finish coordination by the end of this month.

Rumsfeld and Secretary of State Condoleezza Rice have been preoccupied with the Iraq war and the Iranian nuclear issue, respectively. Japan's slowness in coordination prompted the frustrated US officials to describe Rumsfeld and Rice as "busy people."

The US force transformation is part of Washington's global strategy with an eye on the war on terror, and the US cannot remain receptive to Japan's circumstances forever. The US authorities' message is this: Japan must complete local coordination by the end of March, as promised, without calling for cabinet talks with the US.

8) USFJ realignment: US unexpectedly calls for 7.5 billion dollars; Gulf deepens over Guam relocation cost

ASAHI (Page 1) (Abridged)
March 16, 2006

How to share the cost of relocating US Marines from Okinawa to Guam? A deep gulf separated Japan and the United States in their intergovernmental consultations over their respective cost burdens for the realignment of US forces in Japan. The Japanese government wants to have Okinawa Marines relocated in order to alleviate Okinawa's base-hosting burden. However, the US government asked the Japanese government to pay approximately 7.5

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billion dollars (equivalent to approx. 885 billion yen) to partially fund the relocation. That amount was far higher than the Japanese government anticipated. In the meantime, the Japanese government has now been facing rough going in its coordination with the governments of base-hosting localities over the issue of relocating the heliport functions of Futenma airfield in Okinawa Prefecture and the issue of bringing a US carrier-based air wing to Iwakuni. As it stands, it would be even more difficult for the Japanese government to expect a final

report to be worked out by the end of March.

The United States will urge the Japanese government to carry it out, an official from the US Department of Defense told reporters on the afternoon of March 14.

"Japan asked the United States to move (Okinawa Marines) to Guam," the Pentagon official stressed. "The United States is responsible for the defense of Japan," the official said. "But," the official went on, "Japan is not responsible for the defense of the United States." The official added: "Then, what's Japan's role? If Japan does not provide bases, that's our burden, isn't it?"

The proposed relocation of US Marines from Okinawa to Guam is a pillar of Japan's proposal to alleviate Okinawa's base-hosting burden. The US government emphasized that Japan and the United States have agreed to settle the issue of moving US Marines from Okinawa to Guam along with the issue of relocating Futenma airfield in the city of Ginowan to Cape Henoko in the city of Nago and the issue of redeploying US carrier-borne fighter jets to Iwakuni base in Yamaguchi Prefecture. The US government was therefore growing increasingly irritated to see little progress in the Japanese government's coordination with their local hosts.

And then, the Guam relocation cost problem cropped up. The United States called for Japan to shoulder 75% of the cost burden totaling 10 billion dollars (approx. 1.18 trillion yen). However, Japan's proposed ceiling is below 5 billion dollars, or half that total amount.

Japan and the United States have been sharing the cost of stationing US forces in Japan on a fifty-fifty basis, according to a Japanese government official. In fiscal 2004, the stationing cost totaled 1.2 trillion yen. A Foreign Ministry official was at a loss, saying, "We don't know why they came up with the 75% figure."

The total cost of Marine relocation to Guam was initially estimated at 8 billion dollars. The US government also explained why the total cost has swollen. "We first estimated costs only inside the fence of a base, but we need to do so outside the fence," a US government official said. The official continued: "There are no facilities for the Marines in the port of a naval base. The new base is in a jungle, so we don't have our own headquarters or housing there. Also, we don't have enough infrastructure, such as water supply, sewerage, electricity, and roads."

Japan's defense spending is about 1% of gross domestic product (GDP), with the United States at more than 3%, South Korea at 2.5%, China at over 4%, and Singapore at over 5%, a Pentagon official noted. "Japan's cost is extremely small," the official

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said.

"We will not agree to that figure." With this, a senior official of the Defense Agency was upset yesterday morning when the agency learned of the US government's demand for 7.5 billion dollars.

The government will need a new law to fund an overseas US military facility. The government cannot get through Diet deliberations as long as the grounds for the US government's estimate remain unclear.

No new law is needed for the relocation of Futenma airfield and other base realignment plans. However, their costs are also murky.

The Finance Ministry fears the ballooning cost of realignment. The ministry prefers to extend loan-based funding cooperation for the Guam relocation rather than direct budgeting.

9) Japanese government: Paying 75% of Marine relocation cost is impossible

YOMIURI (Page 2) (Full)
March 16, 2006

The government yesterday started final arrangements to finance the proposed construction of facilities for Self-Defense Force (SDF) personnel to use when they take part in training with US troops on Guam, according to government sources.

In the Japan-US working-level talks held in Hawaii in late February, the US asked Japan to pay more than the amount it had presented earlier for the construction work. The planned facilities would be managed by the US and used mainly by Ground Self-Defense Force and Air Self-Defense Force personnel as their accommodations when they carry out joint training with US troops.

The details and cost of the facilities have yet to be disclosed, but the Defense Agency (JDA) intends to hurriedly make arrangements, involving Finance Ministry officials. A JDA official remarked: "Since the facility is intended to be used by SDF members on the occasion of Japan-US joint training, we will be able to provide a proper reason."

Meanwhile the US has asked Japan to pay 75% of the estimated cost of 10 billion dollars (approximately 1.07 trillion yen at the exchange rate used for the fiscal 2005 budget) for transferring US Marines from Okinawa to Guam. The Japanese side has indicated reluctance to accept the request, a Foreign Ministry source saying: "This is too much. The US has come up with a request that is unacceptable for Japan." The estimated cost includes those for constructing operation buildings including a Marine headquarters building, a welfare facility, housing, and infrastructure inside and outside the base.

10) US at its own pace asking Japan to foot huge bill for relocating Marines to Guam, taking advantage possibly of the situation; Negative domestic reaction likely

MAINICHI (Page 2) (Excerpt)
March 16, 2006

The United States has asked Japan to pay 75% of the total cost of
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approximately \$10 billion (about 1.18 trillion yen) to relocate US Marines on Okinawa to Guam. A Pentagon official involved in the negotiations revealed this to the Japanese press corps in Washington. It appears that this was revealed in order to propel bilateral talks on US force realignment in Japan along at the US' pace with an eye of concluding the final report at the end of March. Although the Japanese side has asked for a reduced amount, the predominant view in the government, as seen in the comment of a senior Foreign Ministry official, seems to be that "accepting" the US' hard-line stance "may be unavoidable." If Japan has to bear the brunt of the burden of the huge cost of building US military facilities inside the US, a strong domestic reaction in Japan can be expected.

11) Japan positive about US proposal to add ASDF facilities in Guam

NIHON KEIZAI (Page 2) (Full)
March 16, 2006

The United States has proposed a plan to build facilities in Guam for Japan's Air Self-Defense Force as part of the realignment of US forces in Japan, sources revealed yesterday. Japan and the US have conducted joint fighter exercises in Guam every year. The US has explained that the construction of barracks and other facilities would help increase the frequency of training, thereby reducing the burden for training in Japan. Japan intends to study the plan positively. The US also explained that the relocation of the US Marines from Okinawa to Guam would cost 10 billion dollars in total, including the facilities for the ASDF.

12) USFJ realignment: LDP's Yamasaki, New Komeito leader Kanzaki urge the government to present safety and promotion measures to

Okinawa

ASAHI (Page 4) (Full)
March 16, 2006

Liberal Democratic Party (LDP) Security Research Commission Chairman Taku Yamasaki yesterday told an Asahi Shimbun reporter about the relocation of the US Marine Futenma Air Station to Nago City, Okinawa Prefecture: "There will be no change in the government's relocation plan, but the government will coordinate views with (Nago City). I think Nago City will accept the plan in the end."

Nago City has called for some corrections, presenting a range of what it would accept. Yamasaki rejected corrections of the government plan. He said:

"The government does not coordinate views with (the city) on the location, area, or the length of the runway, as such matters have been already coordinated with the US government."

He then indicated the view that he would like to obtain Nago City's agreement after coming up with conditions for the city's acceptance, noting, "I think what Nago citizens have hoped for is their safety and regional promotion measures."

New Komeito leader Takenori Kanzaki at a press conference yesterday said:

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"Protecting the livelihoods of land owners and securing the employment of Okinawa citizens working at the base are issues to be resolved. The government should present some specific measures as early as possible. Otherwise, discussion will not occur."

Kanzaki urged the government to present concrete regional promotion measures as quickly as possible.

13) China again raps Aso's article

SANKEI (Page 2) (Full)
March 16, 2006

Beijing, Jiji

Foreign Minister Taro Aso contributed an article titled "Japan Awaits a Democratic China" to the Wall Street Journal March 13 issue urging China to completely disclose its defense spending. In response, Chinese Foreign Ministry spokesman Qin Gang released a critical statement March 15 saying:

"It is not appropriate for the top Japanese diplomat to meddle in China's political system. It is important for Japan to appropriately settle the question of its historical views to earn the trust of Asian neighbors."

14) Japan to monitor used car exports to DPRK even more strictly, not allowing exports of such cars for the use of their components

YOMIURI (Page 2) (Full)
March 16, 2006

The government yesterday held the first meeting of the Law Enforcement Team under the Experts Council on the Abduction Issue, chaired by Deputy Chief Cabinet Secretary Seiji Suzuki. The meeting confirmed the need to strengthen cooperation among ministries and agencies in order to strictly enforce the existing laws as part of steps to further pressure North Korea. In addition to the Law Enforcement Team, the Experts Council has the Information-Gathering Conference intended chiefly to share information on North Korea.

As part of the strict application of the current laws, the government is mulling a strict monitoring of exports of used cars as well as used tires and other parts to North Korea.

If used cars and used tires were exported to the North for such purposes as extracting metals from car components or using tires for fuel, the government would ban their export in accordance with the Waste Management Law. The objects to be monitored will include used cars, used tires, and rubber and plastic scraps to be used for recycling.

Exports of items that can be used intact will be allowed if their exports are declared at customs. But if items that require reprocessing for recycling, for instance, melting them down, they are regarded as waste and are subject to export control under the Waste Management Law.

Items the government intends to categorize as waste will include used cars unable to run, irregular shapes of used tires and worn-out used tires, and rubber containing foreign substances and

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plastic scraps.

15) Nippon Oil Corporation cutting back on crude oil imports from Iran; Switching suppliers to other countries to reduce potential risk

SANKEI (Page 10) (Full)
March 16, 2006

Fumiaki Watari, chairman of the Petroleum Association of Japan and Nippon Oil Corporation (ENEOS), told a news conference yesterday that ENOS is cutting back on crude oil imports from Iran. In view of mounting tension over Iran's nuclear development program, the company made this decision in case it becomes difficult to procure crude oil from that nation. Though it will not reduce portions imported under direct contracts, it will switch the suppliers of products imported through trading companies to other countries.

ENEOS last year imported 142,000 barrels a day from Iran. The amount accounts for 13% of the total imports. Iran is the fourth-largest crude oil supplier to Japan. The company plans to reduce imports from that nation to 120,000 barrels a day. The aim is to reduce potential risk by reducing the proportion of crude oil imports from Iran, as well as to increase imports of light oil, which can be refined into kerosene and gasoline, as a measure to deal with the firm's lack of refining capacity caused by the fire at its Muroran Refinery in February.

There is a looming possibility of the UNSC applying sanctions against Iran, following its deliberations on the nation's nuclear development program. In response, the Iranian side has warned that it would take retaliatory action, by closing Straits of Hormuz, a strategic point for oil exports by Middle East nations. Tensions are mounting.

16) Minshuto still suffering aftershocks of e-mail fiasco;
Question of whether Nagata should resign smoldering in Diet

NIHON KEIZAI (Page 2) (Excerpts)
March 16, 2006

The Democratic Party of Japan (Minshuto) unprecedentedly placed an advertisement in national newspapers yesterday apologizing for damaging the reputation of the second son of Liberal Democratic Party Secretary General Tsutomu Takebe in connection with a fake e-mail. The opposition party, though, is still suffering the aftershocks of the uproar, some calling for Hisayoshi Nagata to resign his Diet seat to take responsibility for causing the e-mail fiasco.

Appearing on TV programs yesterday, Diet Affairs Committee Chairman Kozo Watanabe made remarks urging Nagata to voluntarily quit his seat, saying: "I believe he will take action in line with his words 'I love Minshuto,' when the House of Representatives Committee on Discipline comes up with its decision on punishment on him.

Yesterday, Social Democratic Party head Mizuho Fukushima and Kokumin Shinto (people's new party) head Tamisuke Watanuki also referred to the question of whether Nagata should resign or not. Minshuto thus has come under attack from other political parties.

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Takebe, who said: "The issue has been settled" with the apology placed on newspapers, added: "It is necessary for Minshuto and Mr. Nagata to explain to the public the process that led to the questioning and other details." No prospects are in sight for a settlement of the problem.

The e-mail uproar is also expected to have some effect on the by-election in Chiba 7th District for a Lower House seat on April 23. Minshuto decided yesterday to field Kazumi Ota, 26, as its official candidate. Ota told reporters in the Diet building: "I will turn around the situation in the election."

17) A cross-factional study group of 41 lawmakers formed from former Kochikai-affiliated factions

ASAHI (Page 4) (Excerpts)
March 16, 2006

Lawmakers of the Niwa-Koga, Tanigaki, and Kono factions who used to belong to the Miyazawa faction (Kochikai) in the Liberal Democratic Party (LDP) yesterday launched a cross-factional study group on Asia policy. A total of 41 lawmakers, including members from other factions, joined the group. Former Chief Cabinet Secretary Yasuo Fukuda, one of the possible successors to Prime

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Minister Junichiro Koizumi, arrived in South Korea last night to attend a symposium and other events. While the Chinese government has made clear its policy stance of repairing the now strained Japan-China relations when Prime Minister Koizumi is gone, LDP lawmakers are accelerating moves to develop an Asia policy with an eye on the September presidential election that will determine who will succeed Koizumi.

"I wonder whether other countries fully understand the prime minister's explanation about his visits to Yasukuni Shrine that foreign governments should not intervene in a matter of the heart," said Lower House Speaker Yohei Kono, who is known as a pro-Chinese politician, in a speech delivered at an inaugural meeting of the study group.

Kono, who has been critical about Koizumi's visits to Tokyo's controversial Shinto shrine, stressed the importance of repairing the strained bilateral ties between Japan and China. Explaining why Japan had to give up its bid for a permanent United Nations Security Council seat, he said, "The conclusive reason for Japan's failure is because we could not secure approval of China and South Korea, nearest neighboring countries."

Former Prime Minister Kiichi Miyazawa, who gave a speech prior to Kono, stated: "While maintaining close ties with the United States, Japan should accumulate dialogues with China and South Korea for the sake of national interests."

The promoters of the study group are mid-level lawmakers of the Kochikai-affiliated factions such as LDP Acting Secretary General Ichiro Aisawa and Lower House member Fumio Kishida. Of the 41 participants, nearly 80% are lawmakers belonging to the Niwa-Koga, Tanigaki and Kono factions. Some lawmakers of the Tsushima and Komura factions took part in yesterday's session.

The study group will continue to invite former prime ministers to its sessions for the time being. It plans to invite post-Koizumi contenders as lecturers soon before the start of the September

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leadership race. If the study group can conduct heated discussion

to improve Japan's relations with China and South Korea, it may become a new LDP force in deciding Asia policy.

18) Internal Affairs Minister Takenaka infuriated at Minshuto's pursuit of his political funds as nontransparent

SANKEI (Page 5) (Full)
March 16, 2006

At a meeting yesterday of the Upper House Budget Committee, Internal Affairs Minister Heizo Takenaka, enraged at a question raised by Mitsuru Sakurai of Minshuto (Democratic Party of Japan), stated: "I must strongly object."

The question concerned "Trigger Lab.," an intermediary corporate think tank. According to the think tank's website, it calls itself "Takenaka Heizo Economic Research Institute," an organization that aims to realize Minister Takenaka's ideals. Lawmaker Sakurai pointed out that this organization's activities are considered political, and referring to such activities as Takenaka giving a speech to the organization, Sakurai said, "Such activities are in effect a briefing session on national politics." Sakurai argued that the group should be reported as a political organization. Additionally, Sakurai mentioned the fact that the organization's funds have increased from 50 million yen to 90 million yen over the past half year and pursued Takenaka: "If you fail to make clear the flow of money, the Political Fund Control Law will end up full of loopholes."

Takenaka answered: "I think you've raised the question with evidence and determination." Pounding the podium at times, Takenaka rebutted: "The director of the organization has denied that it has engaged in political activities."

19) Most members of New Komeito educational panel against including expression "spirit of love of country" in Basic Education Law revision

MAINICHI (Page 5) (Excerpt)
March 16, 2006

The New Komeito's division on education and science yesterday started full-scale discussion of the draft amendments to the Basic Education Law. The vast majority of the members were opposed to the expression, "spirit of love of country" (kuni o aisuru kokoro), which is the key issue in the bill. Although the Liberal Democratic Party and New Komeito have agreed to present a bill to the Diet this session amending the education law, the fierce reaction against the expression that came out yesterday underscores that the issue is as strong as ever.

SCHIEFFER